

Pro-Poor Innovation Challenge Selection Committee
 Organization and Project Profile: Crédit Epargne Formation
 Baseline profile: April 2006

I. ** General information: (please provide information for the following sections)

Organization name:	CEFOR (<i>Crédit Epargne Formation</i>)
Location of Activity: (city, country)	ANTANANARIVO, MADAGASCAR
Organization's mission and founding date:	Poverty reduction through economic and social reinsertion of disadvantaged residents in areas of intervention. Founding date: July 1, 2001
Products/Services offered:	<u>Financial services:</u> Loans for productive activities and voluntary savings <u>Nonfinancial services :</u> - Training borrowers in management, maintaining accounts, marketing, advantages of the formal sector, and development of acidimetry; - Follow-up advice for implementation of simple methods and solutions for activity development, raising awareness of pursuing the activity in the formal sector and of responding to possible social challenges; - Professional training allowing spouses and children of borrowers to become qualified for paid industrial jobs in six areas: industrial sewing, industrial knitting, data entry, metallurgy, housekeeping, and joinery.
Is your activity in rural or urban areas, or both?	Urban and outlying suburban areas. 91 of 192 areas in Antananarivo
General client profile: (poverty level, occupations, gender, etc.)	Most loan recipients are women (76%) living under the poverty line (89.9%) when they enter the program. They pursue informal productive, craft, trade, and service activities.

II. Information on the program selected by the PPIC:

<p><u>Purpose:</u></p> <p>What are your reasons(s) for implementing this specific project?</p> <p>What do you hope to accomplish from this project?</p>	<p>Implementation of this project stems from a desire to improve financial services, the skills of the project managers and team, as well as those of the borrowers.</p> <p>Reasons for selecting this specific project:</p> <p>(a) to better understand demand (Area study, penetration rate)</p> <p>(b) to improve the skills of program managers and teams, as well as those of borrowers.</p> <p><u>This project will facilitate:</u></p> <ul style="list-style-type: none"> - The implementation of studies on demand and on the conditions allowing persons to satisfy it; - In-depth training of managers and teams in follow-up and management of portfolios at risk, and in the development of nonfinancial services; - The development and improvement of nonfinancial services: <ul style="list-style-type: none"> - Theoretical training of active borrowers (marketing, management, account maintenance, etc.); - Improving advice to active borrowers (practical advice on development of activities, marketing advice, guiding persons to public, communal, and private services to resolve social issues); - Practical training of active borrowers (development of know-how) - Component of studies showing the effects of training and advisory services on the performance of active borrowers and the reduction of the portfolio at risk (studies carried out will be made available to donors and other sector stakeholders)
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<p><u>Description of the approach used for the project:</u></p> <p>What is the innovation financed by the PPIC grant?</p> <p>What is the client profile for participants in this specific project?</p> <p>How does this project differ from the current activities of your organization?</p> <p>How does this innovation differ from those of other active MFIs (microfinance institutions) in your market?</p> <p>How will this product/ service correspond with the general project objective?</p> <p>What is the provisional timetable for this project?</p>	<p>Execution of studies on demand and conditions for satisfying it; in-depth training for managers and teams in following up and managing portfolios at risk and in the development of nonfinancial services; development and improvement of nonfinancial services.</p> <p>All active borrowers for training and for follow-up/advisory services. Priority is given to active borrowers with poor management capacity and to those who increase the portfolio at risk.</p> <p>Financial services, although available, are still too limited, particularly because of insufficient understanding of demand, and persistently inadequate training of managers and teams tasked with delivering financial services.</p> <p>Only CEFOR offers nonfinancial services to borrowers.</p> <p>Nonfinancial services (training and advising borrowers) encourage good outcomes for microfinance and for sustained productive activities.</p> <p>Start-up is planned for June 2006 with a biannual mid-term review.</p>
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III. Progress made to date: Challenges encountered and experience gained

<p>**Review question:</p> <p>What is the effect of nonfinancial services on the profits generated by client activities and on the institution's portfolio at risk?</p>	<p>To date, the study is not reliable, and this is why we would like to study the effect of nonfinancial services on activity outcomes and eventually on the PAR. The response to this question is therefore a part of the general analysis of the project.</p>
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IV. ** Key indicators: (please provide data for the following section)

	Base data	6 months November 2006	12 months April 2007	18 months November 2007	24 months April 2008
Number of clients	2,366				
Portfolio at risk	>30 days, 6.39%				
Social indicators (housing, nutrition, level of schooling of children) – please specify indicators used.	Assessment of the social category of each borrower using eight weighted criteria relevant to income and social situation : <ul style="list-style-type: none"> - Level of savings and household assets; - Net household income; - Line of business; - Nutrition; - Health; - Housing; - Schooling of children; - Legal status. 				